Unit 201: Employment and employability in the building services engineering sector

# Worksheet 5: Sole trader or limited company (tutor)

**Task 1**: Read the following statements and decide whether they apply to a sole trader or a limited company. Write ‘S’ for a sole trader or ‘L’ for a limited company in the space provided.

1. This business structure is a separate legal entity from its owner(s). **L**
2. This business structure is owned and operated by one individual. **S**
3. The owner has unlimited liability for the business's debts and obligations. **S**
4. This business structure is required to register with Companies House. **L**
5. This business structure requires the owner to file annual accounts and a tax return with HMRC. **S**
6. This business structure can have multiple shareholders. **L**
7. The business's profits are taxed as personal income of the owner(s). **S**
8. The business's profits are taxed as corporation tax. **L**
9. This business structure is a preferred option for those who want complete control over their business. **S**
10. This business structure is a preferred option for those who want to limit their personal liability for the business's debts. **L**

**Task 2**: Read the following statements and decide whether they are true or false.   
Circle the correct option

1. Self-motivation is a critical aspect of successful self-employment.

True

1. Self-employed individuals have limited opportunities for earning compared to traditional employees.

False

1. Flexibility in work schedules is not a benefit of self-employment.

False

1. Choosing the right clients is not essential for successful self-employment.

False

1. Successful self-employed individuals must have the ability to balance their work and personal life.

True

1. Vetting clients involves ensuring that they align with one's values and goals.

True

1. Setting fair prices and clear communication are important factors in choosing positive clients.

True

1. Successful self-employed individuals must be able to create schedules that suit their lifestyle.

True

1. Working for an employer provides greater control over one's income compared to self-employment.

False

1. Successful self-employed individuals do not require self-discipline.

False